

# FISCAL NOTE

**Bill #:** HB0376

**Title:** Permissive levies in counties with institutions of higher education

**Primary Sponsor:** Olson, B

**Status:** Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

### FY 2004 Difference

### FY 2005 Difference

#### Expenditures:

State Special Revenue

\$0 - \$4,734,085

\$0 - \$4,734,085

#### Revenue:

State Special Revenue

\$0 - \$4,734,085

\$0 - \$4,734,085

**Net Impact on General Fund Balance:**

\$0

\$0

- |                                                           |                                                                   |
|-----------------------------------------------------------|-------------------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input checked="" type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

1. This fiscal note will not make an assumption as to whether county commissioners, will or will not levy the 6 mills as allowed by this bill.
2. It is assumed that the units of the university system are defined as the main campuses of a college or university. Using this definition, the counties impacted by this bill are: *Beaverhead, Cascade, Gallatin, Hill, Lewis and Clark, Missoula, Silver Bow, and Yellowstone.*
3. For those counties with more than one unit of the university system, it is assumed a single levy of 6 mills would be levied to support all the units in the county and not a levy of 6 mills for each unit.
4. Under current law (MCA 7-15-4286), all revenues generated from mill levies applied to the incremental taxable value of Tax Increment Financing Districts (TIFs), "except for the university system mills levied and assessed against property", are retained by the TIFs. For the purposes of this fiscal note it is assumed that the revenue generated by a new levy in support of the university system would be treated in the same manner as the university system mill levy.
5. The table below demonstrates the amount of revenue a 6-mill levy would generate in the affected counties.
6. These funds are statutorily appropriated.

**Fiscal Note Request HB0376, Error! Reference source not found.Amended in House Committee**  
(continued)

FISCAL IMPACT: FY 2004 FY 2005

Amount of Revenue Generated by a 6 Mill Levy in Counties With Units of the University System Based on Tax Year 02 Taxable Values			
County	County Taxable Value TY02	Maximum Mill Levy	Amount of Revenue
Beaverhead	\$16,045,030	6	\$96,270
Cascade	109,204,259	6	655,226
Gallatin	133,978,575	6	803,871
Hill	27,138,592	6	162,832
Lewis and Clark	84,954,972	6	509,730
Missoula	154,665,763	6	927,995
Silver Bow	56,955,187	6	341,731
Yellowstone	206,071,776	6	1,236,431
	<b>\$ 789,014,154</b>		<b>\$4,734,085</b>

<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Transfers	\$0 - \$4,734,085	\$0 - \$4,734,085

<u>Funding of Expenditures:</u>		
State Special Revenue (02) CHE 5102	\$0 - \$4,734,085	\$0 - \$4,734,085

<u>Revenues:</u>		
State Special Revenue (02) DoR 5801	\$0 - \$4,734,085	\$0 - \$4,734,085

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$0	\$0

**EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:**

This bill will require counties to make changes to their property tax accounting and reporting systems. Current local mill levies will see a slight decrease in non-levy revenue if the 6-mill levy is adopted.

**LONG-RANGE IMPACTS:**

In FY 2006 and every year thereafter, the 6-mill levy would generate approximately \$4.7 million in revenue if levied in all affected counties.

**TECHNICAL NOTES:**

The bill is not clear on how to classify the 6-mill levy with regard to tax increment financing districts. To ensure all the revenue from the 6-mill goes to the university system, 7-15-4286(2)(a) MCA should be amended so that revenue generated by the 6-mill levy in this bill is not paid to TIF districts.